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SIPDIS

DEPT FOR AF/W; DON BOOTH AND SOOKY PARK
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STATE PASS TO AID-AFR

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SUBJECT: NIGERIA: ESF PROPOSALS FOR FY 2002

1. The following is Embassy Abuja's ESF funding proposals for FY 2002

FY 2002 ECONOMIC SUPPORT FUNDS
U.S. Mission Nigeria Proposals

Program Overview

Nigeria has significant strategic value to the United States. The world's eighth largest oil producer, Nigeria ranks as the fifth largest supplier to the United States, providing ten percent of total U.S. oil imports. Nigeria also is a potential major supplier of natural gas, having the eighth largest reserve in the world. Nigeria commands Africa's second largest economy, is the largest U.S. trading partner on the continent, and represents a huge potential market for American producers. Moreover, Nigeria stands as the dominant economic and political actor in the West African sub-region.

With a population of over 120 million, Nigeria is Africa's most populous nation and its largest democracy. It also has Africa's largest Islamic population, numbering roughly 60 million Muslims. A stable, prosperous Nigeria that values democracy and its processes will improve the lot of its own people, which translates into benefiting one of every five Africans.

Since the 1999 return of civilian government, the U.S.-Nigerian bilateral relationship has been a productive one. Nigeria has promoted democratization and taken an active role in conflict resolution in countries such as Liberia, Sierra Leone, Guinea Bissau, Cote d'Ivoire, The Congo, Burundi and Sudan. Additionally, Nigeria has taken a constructive position on important transnational issues such as counter-narcotics and HIV/AIDS. Since September 11, Nigeria has voiced strong public support for U.S. operations in Afghanistan and has been at the forefront of African counter-terrorism efforts. Nigeria has become an important ally for America on many issues.

However, Nigeria's democratic transition is not complete. The electoral process is unsettled and susceptible to violence. Communal violence and tensions have threatened internal security in many areas. At the root of many of these outbreaks are poverty and unemployment. Despite some reforms such as progress on privatization, the non-oil economy is not robust and has not produced the job and income opportunities many had expected. Too many Nigerians still await their democracy dividend.

The over-arching U.S. goal in Nigeria is to help protect the country's long-term internal stability by promoting democracy and sound economic reforms. A vibrant democracy devoted to good governance and the rule of law will advance U.S. goals here and throughout the continent. Direct investment in the non-oil sector is an essential component for job creation, poverty reduction and thus, political stability. The U.S. can help Nigeria lower the barriers for those who wish to play a productive role in the national economy.

Given Nigeria's pro-western leaning and its visible public support for our counter-terrorism efforts in Afghanistan, we should provide significant support to Nigerian democratization, stability and economic development. Provision of FY 2002 ESF will show that the U.S. has not forgotten Africa and that close African partners, such as Nigeria, can derive concrete, tangible benefit from aligning their interests with ours.

DEMOCRACY AND GOVERNANCE

U.S. Policy Objectives and National Interests

Strengthening democracy is critical to the long-term stability of Nigeria. Democratic governance safeguards human rights and promotes the rule of law. It provides a conducive environment for private investment and economic growth, and helps position Nigeria to sustain a constructive role beyond its border. A democratic Nigeria portends increasingly closer bilateral relations and enhanced cooperation on regional security, counter-terrorism, and international law enforcement and other important USG interests. America's interests benefit if Nigerian democracy succeeds. A deciding factor will be the quality of the 2003 elections.

The 2003 elections present both a challenge and an opportunity for Nigeria's democratic effort. With elections less than two years away, the informal campaign already has begun. The campaigning is intense and not always positive. Without well-placed electoral assistance, 2003 could repeat the irregularities that plagued the 1999 exercise, causing many observers to deem them flawed. Potential obstacles include inadequate election administration, insufficient civic participation and widespread cynicism born of political corruption. Moreover, the risk of electoral violence is high and could mar the process. What happens during the lead-up to election, especially voter registration, will be as critical as the balloting itself. It is important that the entire electoral process be viewed by most Nigerians as a transparent, democratic improvement over the 1999 exercise.

In addition to ensuring credible elections, concerns regarding federalism and decentralization need to be resolved in a way that promotes good governance and a tolerant political culture. New relationships need to be forged among the different levels of government and between government and civil society in order to deal more effectively with the issues of democracy and governance. Also, Nigeria's police force needs to be capable of providing the security essential to political stability, while being cognizant of the rule of law and human rights considerations.

I. Elections Assistance: Total \$7.15 million

ESF can help move Nigeria toward successful elections. The USG already has committed \$2 million in FY-2001 ESF to support the administration of elections. These funds provide technical assistance through December 2002 to Nigeria's Independent National Electoral Commission (INEC) and to State Independent Electoral Commissions (SIECs) for elections administration training. While FY-2001 funding is an important initial contribution, a wide range of assistance is still needed to ensure the coming elections are conducted properly and to integrate non-partisan elections administration into the matrix of Nigeria's political process.

International standards would call for an expenditure of at least 60 million to fund elections preparations in Nigeria (one dollar per estimated voter.) However, INEC was only allocated \$12 million so far (The remaining \$25 million of the FY-2002 INEC budget was reserved for infrastructure improvements that may be needed by INEC but do not directly prepare its staff for the actual administration and conduct of elections nor enhance the electoral process.)

Clearly, there is a budgetary shortfall. The proposed \$7.15 million in FY2002 ESF would help reduce the deficit. The Mission has established an Inter-Agency Elections Working Group, and in close coordination with other donors, will implement the following assistance:

A. Consolidating INEC Election Administration and Capacity Building. FY-2001 ESF funded voter registration database development and training in logistics management. However, INEC's technical capacity, while improved, remains limited and will be seriously tested during the 2002-2003 elections. The USG is well positioned to provide technical assistance due to the strong relationship between INEC and the International Foundation for Elections Systems (IFES), a key

USAID partner. FY 2002 ESF will fund the continuous presence, through December 2003, of IFES's internationally-recognized senior elections administration advisor, as well as numerous training events and consultants in specific areas of electoral administration and electoral law reform. The senior advisor has already played an invaluable role by providing guidance on international electoral standards, INEC's budget submissions, conflict management, and development of a code of conduct for political parties. A major focus of the additional (FY 2002) technical assistance will be monitoring implementation of logistics plans for the 2003 elections. ESF assistance will establish post-election mechanisms to evaluate INEC's performance and to begin strategic planning for the 2007 elections. An aim of that strategic review would be to ensure that elections planning becomes an integral part of normal government operations. (\$2.7 million)

B. INEC Polling Station Officers Training. FY-2002 ESF will fund IFES preparation of a manual for the 120,000 polling station officers who will oversee the actual voting throughout the country, and train INEC staff to conduct orientation workshops for these officers. These polling station officers are temporary employees engaged shortly before the elections. Basic orientation on policies and procedures is needed for them to perform their critical task of ensuring that voting at their stations is conducted properly and fairly. Given the shortage of INEC resources, the quality of training will be inadequate unless outside assistance is provided. IFES has already evaluated INEC's training resources and created a training plan by which INEC will fund the attendance of the trainees, while IFES provides training materials and workshop oversight. (\$700,000)

C. Party Poll Agents Training: Each candidate and party is permitted to have a representative at each polling station. Party-affiliated observers, as well as independent observers, are critical to keep irregularities and, thus, potentially violent protests to a minimum. However, party observers can add confusion if misinformed about electoral procedures. This program element will provide manuals, training-of-trainers, and overall coordination among the political parties to train up to 500,000-600,000 party agents. The International Republic Institute (IRI) will implement this program. IRI has established relationships with Nigerian political parties over the past two years through its work on grassroots organizational development and promoting women's participation in political parties. (\$1.25 million)

D. Civil society and media campaigns to promote participation and non-violence: Civil society and media activities must be intensified for the 2003 elections. This program utilizes Nigerian NGOs to promote civic awareness, greater public participation in the pre-elections phase and higher voter turnout. The other component of the program will be to discourage the violence that has often discredited elections in Nigeria. The project will create mechanisms to mediate conflict and disseminate non-violence and voter education messages. The program will be administered through a pre-existing USAID civil society assistance program. Individual NGOs will be selected through a proposal process coordinated with the Transition Monitoring Group, a Nigerian NGO coalition. (\$1.3 million)

E. U.S. Election Observers: USAID will use FY-2002 ESF to support a team of high-level election monitors from the United States, as was done for the 1999 elections. Funds will be provided to one or more U.S. institutions (IFES, NDI, Carter Center, IRI) to field an observation team. Details of this activity will be developed as interested organizations are identified. (\$400,000)

F. Media Training: Training would be provided to media practitioners on elections procedures, ways of using and analyzing voting data, and standards of professionalism for media coverage of the elections. To be implemented through IFES and USAID's civil society assistance program. (\$300,000)

G. Elections Tribunals Assistance: FY-2002 ESF will provide basic orientation on the new electoral law and on international standards for election tribunal judges. The program will also include a public education campaign about the tribunals. Building effective tribunals promotes the rule of law and peaceful resolution of elections disputes, reducing the chance of election-related violence and instability. The judges will be trained on the new electoral law, given an orientation on elections procedures, and

provided access to relevant legal precedents from other countries. This program would be implemented through a pre-existing USAID assistance project that works with several high courts and the National Judicial Institute of Nigeria and includes grants to local NGOs for public education. (\$400,000)

II. Nigerian Governors' Forum: \$850,000

Governors are becoming important political players in Nigeria; they control significant resources and have established themselves as major decision-makers and agents of influence. Their political capacity has been visible in recent debates over the electoral law and resource allocation (oil revenue) between state and federal governments. Collectively, governors will play a large role in shaping Nigerian federalism and in determining whether devolution will advance genuine democratization and good governance. As more resources are decentralized, the governors will need expertise and technical assistance on financial and budgetary management, federalism, economic policy, social services administration, and other key issues of governance. Improved inter-governmental relationships are needed to facilitate federal-state coordination of fiscal policy, environmental policy, investment incentives and other issues.

Using FY-2002 ESF to support the Nigerian Governors Forum will give the USG influence and access to key governors while promoting federalism and viable decentralization of power and resources. Support to the Forum will be in the form of limited technical assistance and equipment to establish a secretariat in Abuja and to assist in developing an action

SIPDIS plan to engage different levels of government on policy issues key to decentralization, economic development and investment. The federal-state dialogue will be helped by providing the Federal Government a single entity with which to confer on those issues common to the states. The project will also focus on a long-term plan to sustain the organization.

USAID, through its implementing partner, the National Democratic Institute for International Affairs (NDI), has an established relationship with the Governors' Forum that dates back to the election in 1999. Because NDI is established in Nigeria, assisting the Forum will be cost-effective and will not require start-up administrative costs.

III. Labor Union Strengthening: \$1,500,000

Labor unions represent the largest organized section of Nigeria's civil society. Although weakened by years of military rule, labor can bring the nation to a standstill by go slows or a general strike and can block important economic reform. Moreover, labor is important to the Nigerian oil sector and American economic interests in that sector, as well as the stability of the environment in which American companies operate.

Current funding touches a wide spectrum of Nigerian institutions but does not engage labor. Because of our lack of contact, we have little access and influence with the labor movement. Insufficient contact with the international community diminishes labor's perceptions of the market economy. Too often, Nigerian labor groups embrace statist platforms that might have had utility during military rule but now serve to retard reform, growth and good governance. We must incorporate labor into our plans for economic and political reform. If we can influence labor and enhance its understanding and support for reform, labor can become a voice for democratization and economic reform instead of a brake on these objectives.

We can influence labor leadership through a project designed to bolster the internal administration of labor organizations as well as to augment labor's understanding of political and economic democratization.

Major recipients of training and other capacity-building activities will be the Nigerian Labor Congress (NLC) and the Trade Union Congress of Nigeria (TUCN-formerly the Senior Staff Consultative Association of Nigeria). These are the

two main national trade union umbrella organizations (NLC for blue-collar workers and TUCN for white-collar workers). Sector-specific unions in the oil and gas industry will also be engaged. The program will target leaders at the state and national level for over two years. Two-years are needed to implement a program and is the critical period during which labor must be convinced to play a constructive role in the electoral process.

Activities will include basic training in economic policy for national and state-level leaders, basic organizational and management training, and the provision of training materials and basic communication and information technology at several organizational levels. After the abuses of the previous government, there is a serious need to rebuild a leadership cadre attuned to the nuances of economic policy as well as the requirements of political participation in a democracy. Additionally, women leaders will be targeted to increase their leadership skills and improve overall representation of women in the male-dominated labor union leadership.

This program will be implemented through a cooperative agreement between USAID and the AFL-CIO'S Center for International Labor Solidarity, which has had an ongoing relationship with the NLC and TUCN for more than 30 years, despite the difficulties imposed by sustained military rule. This history makes it possible for the Solidarity Center to build an extensive program of training for the newly revitalized unions, and the proposed program has been developed in direct collaboration between the Solidarity Center and the two Nigerian labor centers.

IV. Addressing the Trafficking in Persons (TIP): \$500,000

The illegal trafficking in persons is a growing concern in Nigeria. While economic conditions factor heavily in the problem, trafficking and its resultant servitude is a grave violation of human rights. Such a practice undermines democracy, the rule of law and the legitimate economy. Moreover, it promotes criminality and disregard for individual rights, particularly those of society's most vulnerable members. As such, it is a source of both injustice and instability.

This important program will be implemented by INL through an international organization already working in this field, such as UNICEF, IOM or ILO-IPEC. The GON recently created an inter-agency committee to better coordinate federal assistance to victims of trafficking rescued overseas and repatriated to Nigeria. ESF funds will assist the committee in building a nation-wide structure for short-term care and long-term vocational training of trafficked victims in order to minimize recidivism. Most assistance will be used to defray non-recurring start-up costs of establishing shelters and training centers. This will complement: 1) the ILO-IPEC's new project (\$300,000 of USDOL funds) to assist the GON establish a National Plan of Action Against Trafficking of Persons and expanding awareness programs among at-risk populations; 2) the IOM's new \$2.1 million project to assist the repatriation of trafficking victims and train law enforcement personnel; and 3) an INL project to equip and train the small Nigerian Police Anti-Trafficking Task Force based in Lagos.

V. Police Modernization: \$2.0 million

Years of neglect during military rule left the police force demoralized, understaffed and under-equipped. The force as now constituted is unable to fulfill its mandate under a civilian government. The police's failure to contain several instances of communal violence demonstrates its institutional and operational inadequacies, despite the current political will within Nigeria to develop a professional force. Moreover, too many police officers are not familiar with criminal procedure, modern investigative techniques, community liaison and human rights. To promote the rule of law and engender that sense of security needed for a democracy to function, the police needs to be modernized. A more professional police force would have the salutary effect of reducing the military's role in internal security and law enforcement, a role that inevitably leads to serious violations of human rights. A needed initial step in this overall effort is to improve the police force's central administration. To do its job on the streets better, the force must first improve the way it manages itself.

This program will be implemented by INL. Building on modest

activities begun with FY01 ESF, this project will seek to strengthen management and administration of the Nigerian Police Force through technical assistance (\$1.25 million) and the continued provision of organizational management training for senior -level Nigerian Police Force managers (\$750,000). Implemented through a contractor with experience in both organizational management and law enforcement, the project will provide technical assistance in the form of repeated visits by two or three short-term (60 days) advisors who will review the NPF's management system and administrative structure. With the agreement of NPF managers, the technical advisors will help the Inspector General of Police and his staff implement new procedures to increase transparency, improve budgetary planning and allocations, encourage the delegation of authority and feedback from subordinate officers.

The training will be implemented by the same contractor already working closely with the U.K. DFID "Accessible Justice" program of assistance to the police and judiciary. The training in advanced organizational management techniques will seek to familiarize senior police officials with management techniques that have proven successful for large companies in the business and corporate world and would not cover police operational matters (thus ESF could be used to for this project). Several one or two week sessions of this course will be offered at the NPF Jos Staff College.

Overall, this project will build on a joint AID-INL effort with FY01 funds (both ESF and INC) to create an administrative and criminal database to manage human and material resources as well as criminal cases. As such, this initiates a new phase in the USG's long-term police modernization program in Nigeria.

ECONOMIC GROWTH

Corporate Responsibility Initiative
(The Niger Delta - South)

U.S. Policy Objectives and National Interests

This initiative is concentrated in the Delta region. Promoting public/private partnerships in that area and facilitating collaboration between the oil companies, state governments, and local communities furthers U.S. interests in democracy, governance, economic trade, and development. The Delta is an important source of the fossil fuel needed to run the U.S. economy, yet it is also an economically deprived, politically tense and environmentally challenged region. Social unrest and violent outbreaks happen frequently. Many local inhabitants blame oil companies, including U.S. entities, for this depressed situation. As elections draw near, the political heat in the Delta will likely rise due to this perceived inequality. U.S. interests lie in creating a secure environment where oil companies can operate safely and the supply of fuel to U.S. markets is not interrupted. Our interests are best served when local communities feel they derive some benefit from the operation of U.S.-based companies.

A project that requires the cooperative efforts of state governments, NGOs and the oil companies will reduce political tension and conflict in the area. This also will help reduce the prospect of electoral violence in the region. Additionally, the initiative will promote human rights and the rule of law.

For local inhabitants, U.S. companies in the Delta represent the United States more so than the Embassy. By encouraging corporate responsibility and best practices in the area, we improve the image of these companies and, by extension, improve perceptions of the U.S. among the people of the Delta and in Nigeria overall.

The upstream oil industry provides 90 percent of total export earnings, and, as such, is a major determinant of the

political and economic situation in Nigeria. Although two-thirds of Nigeria's oil comes from the Delta, the region remains one of the least developed parts of the country, with poor roads, few clinics and schools, plus an enormous environmental problem. Pipe-borne water comes only to the most privileged homes. Water and soil pollution are serious concerns -- traditional livelihoods in farming and fishing are jeopardized in some areas. Reports of widespread pollution, coupled with the execution of the Delta's leading environmental activist, sparked international criticism of the former military regime but also drew attention to the conduct of oil companies, particularly Shell, but also American concerns such as Chevron, Mobil, Texaco and Ashland.

Equitable distribution of the country's US\$10 billion annual oil revenues and the environmental and social (corporate) responsibilities of the oil multinationals are issues to be resolved.

At current rates of production, it is estimated that Nigeria's oil reserves will be exhausted in less than 30 years. The Government therefore sees the need to diversify and broaden the country's revenue base. One of these areas is to exploit the vast reserves of natural gas, which constitute the eighth largest in the world. U.S. companies, by engaging in good community relations and having cooperative relations with government, can position themselves to tap into this vast supply.

However, oil or gas extraction companies will continue to attract political criticism and be the target of occasional unrest if the lives of residents of affected areas are not improved. This project proposal will be an important initial step toward defusing a volatile, potentially destabilizing situation.

Proposed FY 2002 ESF Program
The Niger Delta (Southern Nigeria)
\$5,000,000

The Embassy will foster cooperation among state governments, local communities, the Niger Delta Development Commission (NDDC), NGOs and oil companies. The project will provide technical and policy assistance to state governments and the NDDC on governance and development. It will support the establishment and operations of conflict resolution and other mechanisms that promote dialogue. This program aspect involves the states and NDDC, but equally important, it includes NGOs, local communities and oil companies. With specific regard to the oil companies, the project will encourage implementation of the Voluntary Principles on Human Rights and Security while also promoting corporate responsibility best practices.

Another focus of the project will be working with states in the Delta that do not have strategic investment plans. The initiative will help develop these plans. After the plans are created, a portion of program funds will be utilized to help attract investment and funding from domestic and international sources for the implementation of the plans. The program likewise will help states with existing investment plans identify internal and external sources for specific investments. This segment of the program will be designed to involve governments, local communities, NGOs and the private sector in identifying priority economic and social development needs and developing a strategic framework that responds to these needs. The plans, when implemented, will increase employment, enhance the agricultural sector, and strengthen workforce productivity through skill development. These positive changes, in turn, will improve the security landscape and prospects for stability and democratization. A key element of this ESF activity will be identifying employment possibilities for unemployed youth in agro-processing and other income generating activities. Providing employment opportunities for youth is key to the political and social stability in the Delta.

USAID will have overall management responsibility for the activity. In that case, USAID will prepare a competitive solicitation for a U.S. contractor or grantee to undertake the activities described above. The successful U.S. contractor/grantee will be required to work collaboratively with local communities and the oil companies, as well as provide grants to community organizations. USAID will work

closely with the corporate responsibility staff at the Embassy to implement this activity.

ECONOMIC GROWTH

Public Private Partnership Initiative (Northern Nigeria)

U.S. Policy Objectives and National Interests

Major urban areas in the predominantly Muslim North -- Kano, Kaduna and Jos -- have experienced increasingly violent communal conflicts. Other Northern areas are potential hot spots. Many of these outbreaks have ethnic and religious overtones but unemployment and poverty are the root causes of these developments. A mis-directed competition for scarce resources has produced violence not opportunity. Too many people have no jobs and little future prospects. This makes a segment of the population, particularly the young urban underclass, susceptible to violence, radical solutions to their problems and political manipulation. Many of them see modernity as pitted against them. The number of people in this category makes this both an economic concern as well as a challenge to political stability in key Northern areas.

By working to develop agriculture and other labor-intensive industries, we reduce the dry tinder that sparks unrest and advance the U.S. objective of political stability. Moreover, active and visible engagement in economic development will counter the widespread perception that the USG is anti-Muslim and anti-North. This will help mute anti-democratic and anti-West voices in this region of the country. In light of September 11 and the criticism of US military action in Afghanistan that came from parts of Northern Nigeria, this project could not be more timely. With Nigeria having the largest Muslim population in Africa, the poverty and deprivation in the North could become an invitation for Islamic radicalization inimical to U.S. interests in Nigeria and beyond.

Proposed FY 2002 ESF Program
Public-Private Partnership in Northern Nigeria \$5,000,000

The same approach of partnering with the private sector and government in the Niger Delta can be applied to northern Nigeria. Public-Private Partnerships will help boost exports and expand employment opportunities, particularly in the agricultural sector. The program objective is to facilitate domestic, U.S. and third country investment in northern Nigeria's agribusiness and its not insignificant but under-utilized industrial base. By helping to lay the groundwork for investment, the program will contribute to capacity-building in policy, technological know-how and agriculture grades, standards and regulations. Export crops such as ginger and cotton will be considered for investment partnerships, although the final selection will be based on the ongoing survey of agricultural competitiveness. The garment industry and leather works, including shoe-manufacturing, are other areas of possible attraction.

Another partnership proposal involves establishing an Information and Communication Technology (ICT) Center in one of the northern states. Demand for the ICT will grow as a result of other USAID initiatives in agriculture, small and medium enterprise (SME) development and environmental protection. The ICT will assist in implementing best practices and facilitating the flow of information among partners. Partnerships are envisaged under this component with the Virtual University, State Governments and institutions of higher learning in the North. Funding will be leveraged with other public and private sources; the state chosen would be expected to allocate a building for this activity. This prototype, if successful, could be duplicated by other states.

USAID/NIGERIA will prepare a competitive solicitation for the U.S. contractor or grantee to undertake the activities described above. The contractor/grantee will be required to work with local communities and the private sector as well as provide small grants to community organizations

ECONOMIC GROWTH

Anti-Corruption Program in Nigeria

U.S. Policy Objectives and National Interests

Direct investment in non-oil sectors is key to job creation, poverty reduction and ultimately to political stability. However, the current environment of corruption and lack of transparency deter U.S. investors in these sectors. To promote U.S. investment in Nigeria, we need to help Nigeria level the playing field for participants in the economy. Part of this effort will include building capacity to fight transnational crime, including money laundering, in support of post-September 11 U.S. priorities.

Corruption permeates all levels of Nigerian society. Governmental corruption impedes transparency, retards efficient deliver of public services and undermines confidence in democracy. Cognizant of these problems, President Obasanjo has demonstrated commitment to combating public sector corruption through the establishment of the Anti-Corruption Commission and the Independent Corrupt Practices and Other Offences Commission (ICPC) as well as the institution of value-for-money audits and due process for all federal government capital expenditures.

USAID is currently funding, in collaboration with the World Bank, a comprehensive survey, which will provide detailed information on corruption in the country. This information will be used to educate and inform federal, state and local governments, as well as civil society in an effort to build a constituency to combat corrupt misconduct.

Proposed FY 2002 ESF Program
Anti-Corruption Projects
\$1.0 million

A. Public Sector Audit and Oversight:

Based on analysis of other donor activity and an assessment of institutional comparative advantages, the U.S. Mission recommends a series of initiatives over the short- and long-term that build on ongoing efforts. Project activities will lie mainly in three areas: a) public sector assessment and training for internal auditing and oversight; b) ethics in public service; and c) promotion of civil society involvement in anti-corruption efforts.

Casals and Associates, an U.S. contractor, will carry out this work. They are presently implementing the USAID/WB Corruption survey.

B. Independent Corrupt Practices Commission: \$500,000

This one-year project will assist the ICPC strengthen its investigating and prosecutorial capacities. The one year-old Commission is expanding, has hired staff members, and has opened new offices outside Abuja. Building on an initial allotment of \$455,000 in FY01 ESF, this project will expand technical assistance to the ICPC's investigative and prosecutorial arms, with the objective of boosting the Commission's capacity to combat high-level corruption. Through a study of improved internal procedures and regulations and an exchange with officials from successful anti-Corruption agencies in Hong Kong and Singapore, this project will augment the Commission institutionally. A substantial portion of this project will provide training in Nigeria for newly hired ICPC investigators and prosecutors. Some ICPC managers will be given advanced training opportunities in the United States. Provision of basic investigative equipment - such as digital recording devices and computers - will be included.

The Department of Justice's Overseas Prosecutorial Development and Training (OPDAT) program and the Department of Treasury's Office of Technical Assistance (OTA) will implement this jointly. INL's Regional Narcotics and Law Enforcement Office (RNLEO) in Nigeria will monitor and report on the project's effectiveness.

ECONOMIC GROWTH
Strengthening Economic Policy Making

U.S. Policy Objectives and National Interests

Open markets and increased U.S. investment will spur economic development and help sustain democratic progress, foster expanded trade, and foster a healthier economy which, in turn, helps safeguard essential U.S. energy interests in Nigeria. Mission goals are to strengthen the institutional capacity of the Nigerian Government to plan and implement economic reform, repair mismanaged institutions, and promote prudent fiscal and monetary policy, with the cooperation of the international financial institutions and donor community. This will bolster Nigeria's macro-economic situation and promote political stability. It will also enhance Nigeria's role as a catalyst for growth in the West African sub-region. Moreover, neighboring states will be further encouraged toward economic reform if an economy as vast as Nigeria's can be reshaped and energized.

Nigeria is undergoing the slow process of economic and structural reforms. Privatization, deregulation, diversification away from hydrocarbons and improvement of the overall legal and regulatory environment governing foreign investment are key issues. As part of the reform agenda, Nigeria is developing a Poverty Reduction Strategy Paper (PRSP) in cooperation with the international donor community, and as a condition of its engagement with the IMF. The PRSP will enable Nigeria to rationalize resource allocation and establish priorities for long-term development. However, the GON lacks the capacity to collect and analyze data needed to develop this strategy.

Current USAID programs support the national privatization program and economic policy coordination through direct aid to the Bureau for Public Enterprises and the Economic Policy Coordinating Committee, respectively. USAID has also contributed to an assessment of tariff policy and structure.

Proposed FY 2002 ESF Program	
Strengthening Economic Management	\$1,500,000

The Government of Nigeria (GON) needs to establish its broad direction for policy, complemented by the development of sectoral and multi-sectoral strategies. The recent expiry of the IMF Stand-By Arrangement was partly because no office in the GON was tasked with tracking compliance with IMF targets. The recently appointed Chief Economic Advisor now has been tasked with this responsibility and has requested assistance in building a team of well-trained economists able to collect and analyze data and write strategy and policy papers on reform. In coordination with other donors, we will assess the utility of supplying equipment such as computers, software and internet access to the Federal Office of Statistics, which falls under the purview of the Chief Economic Advisor. Much of the training can be conducted through Nigerian universities and institutes at very competitive costs.

With more capacity, the Office of the Chief Economic Advisor can play a key role in:

- Advocating the reduction of barriers that inhibit free and fair trade.
- Arguing for enhanced intellectual property rights protection.
- Urging the growth of the non-hydrocarbon export sector, to take advantage of Nigeria's vast mineral and human resources, and to tap into the benefits offered by the Africa Growth and Opportunity Act (AGOA).
- Seeking compliance with the IMF's informal program.
- Developing Nigeria's Poverty Reduction Strategy Paper.
- Achieving macroeconomic stability, through economic and structural reforms, enabling U.S. direct investment.
- Restructuring the Joint Economic Partnership Committee (JEPC) as a mechanism to promote economic reform and liberalization of trade.

USAID/Nigeria will prepare a competitive solicitation for a U.S. contractor or grantee to undertake the activities described above. The successful U.S. contractor/grantee will be required to work collaboratively with the GON, state and local governments and the private sector.

Jeter